

OMHDEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



Medicare Plan Payment Group
Enterprise Systems Solutions Group

DATE: November 09, 2016

TO: All Medicare Advantage, Prescription Drug Plan, Cost, PACE, and Demonstration Organizations Systems Staff

FROM: Cheri Rice /s/
Director, Medicare Plan Payment Group

Cathy Carter /s/
Director, Enterprise Systems Solutions Group

SUBJECT: Advance Announcement of the February 2017 Software Release

The Centers for Medicare and Medicaid Services (CMS) continues to implement improvements to the enrollment and payment systems that support Medicare Advantage and Prescription Drug (MAPD) programs. This letter provides advanced information regarding the planned release of systems changes scheduled for February 2017. There is also an update to the information provided in the November 2016 Software Release letter, dated September 9, 2016, regarding the New 2017 Part C Risk Adjustment Model. This release focuses on improving the efficiency of CMS systems as well as Plan processing.

The February 2017 Release changes will include the following:

1. [Seamless Conversion Enrollment Election Type](#)
2. [Medicare Secondary Payer \(MSP\) Notification Enhancements](#)
3. [Medicaid Reporting Enhancements](#)
4. [Employer Group Waiver Plan \(EGWP\) Edit Removal and Flag Changes](#)
5. [Supplemental Data on the MAO-004 Report Due to Quarterly HCPCS/CPT Update](#)
6. [Risk Adjustment Suite of Systems \(RASS\) MOR Maintenance for 2017](#)
7. [Update to the November 2016 Software Release Letter Regarding the New 2017 Part C Risk Adjustment Model](#)

In November 2016, CMS intends to provide the detailed information that Plans will require for implementation in February 2017.

1. Seamless Conversion Enrollment Election Type Code

A new election type code will be added to Medicare Advantage-Prescription Drug system (MARx) that will be used when Medicare Advantage Organizations (MAOs) submit Seamless Conversion enrollment transactions. This new election type code will identify and track Plan submitted Seamless Conversion enrollment transactions. Seamless Conversion enrollments can be submitted only by MAOs that have received CMS approval to offer this optional enrollment mechanism.

2. Medicare Secondary Payer (MSP) Notification Enhancement

MARx will add functionality to issue a Transaction Reply Code (TRC) 245 (Member has MSP period) containing both an MSP start date and end date when a closed period of MSP notification is processed. Currently, MARx sends the TRC 245 with only a start date, even if the MSP notification included an end date. This can create confusion when verification is performed against the MSP report if it shows an MSP end date. This change will ensure both the MSP start and end dates are populated on the TRC when sent to the Plan.

A new TRC 368 (Member MSP Period Exists) will be sent to a Plan when a new enrollment is processed and there is existing MSP information. The TRC 368 will contain the start and end date (if applicable).

3. Medicaid Reporting Enhancements

To implement the 2017 CMS-HCC (Hierarchical Condition Category) risk adjustment model, CMS is making several changes to provide more information to MAOs, PACE organizations, and certain Demonstration Plans, about the dual status of their beneficiaries:

- CMS will be updating the MARx UI to allow Plans to identify the applicable dual status (full, partial, or non-dual) and dual status code of their beneficiaries for January 2017 onward.
- CMS will send a report to Plans that provides the monthly dual statuses and corresponding dual status codes for their beneficiaries who are full or partial duals.
- The Medicaid Indicator Field (field 21) on the Monthly Membership Report (MMR) will no longer be populated for MAOs when a Community Risk Adjustment Factor (RAF) has been used to calculate payments. Field 21 indicates dual status in the data collection period, and this indicator is no longer relevant for MAOs when using the 2017 model in payment. Instead, MAOs will be able to see which Community RAF is used by referring to Fields 39 (Current Medicaid Status) and 84 (Medicaid Dual Status).

4. Employer Group Waiver Plan (EGWP) Edit Removal and Flag Changes

In August 2015, CMS implemented a change entitled “New Disenrollment Reason Code (DRC) for Employer Group Waiver Plan (EGWP)” which restricted the use of DRC 65 to 800 series Plan Benefit Packages (PBPs). This restriction will be removed and will allow all Plans with EGWP beneficiaries to use DRC 65. In addition, this new change will place an EGWP flag on a beneficiary’s record (if one does not exist) who is rolled into an EGWP Plan. This will allow a Plan to submit a disenrollment within the normal EGWP timeframe Current Calendar Month – 3 (CCM-3).

5. Supplemental Data on the MAO-004 Report Due to Quarterly HCPCS/CPT Update

CMS is planning quarterly updates to the list of Healthcare Common Procedure Coding System (HCPCS) and the Common Procedural Terminology (CPT) codes that are acceptable for encounter data risk adjustment filtering. Because the acceptable HCPCS & CPT code list might be updated after new codes are first used and reported on encounter data records, CMS will be retroactively reviewing encounter data records with diagnoses that did not initially pass the filtering logic. To accommodate the reporting of these diagnoses from prior months, CMS will be appending newly filtered diagnoses in the next available month’s MAO-004 report. There will be no change to the MAO-004 file layout. Plans can use the “Encounter ICN” (Field 9) and the “Plans Submission Date” (Field 15) on the report to identify the corresponding submission month(s) for those retroactive data.

6. Risk Adjustment Suite of Systems (RASS) MOR Maintenance 2017

As part of the efforts to implement the 2017 CMS-HCC Risk Adjustment model, CMS is making changes to the 2017 Initial Model Run Model Output Report (MOR). These updated layouts will be published separately in a forthcoming HPMS memo. Please note that the MOR will be separately updated for both the 2016 Final Model Run and the 2017 Mid-year Model Run to reflect the inclusion of encounter data in these model runs. Information on these changes will also be published separately in a forthcoming HPMS memo.

7. Update to the November 2016 Software Release Letter Regarding the New 2017 Part C Risk Adjustment Model

Plans were informed in the September 9, 2016 letter titled, [Announcement of the November 2016 Software Release](#) about changes to the Daily Transaction Reply Report (DTRR) related to the 2017 Part C Risk Adjustment Model, beginning Payment Year 2017.

The following updates were made to the Daily Transaction Reply Report (DTRR) layout:

- Field 24, ee was added – Month used to determine Medicaid Status.

In the letter, Field 24 ee (Month used to determine Medicaid Status), was incorrectly labeled as a 6 character field in positions 85-90, YYYYMM. Its correct format is YYMMDD and is an 8 character field in positions 85-92.

Plans are encouraged to contact the MAPD Help Desk for any issues encountered during the systems update process. Please direct any questions or concerns to the MAPD Help Desk at 1-800-927-8069 or e-mail at mapdhelp@cms.hhs.gov.